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Toiletries, Cosmetics, Fragrances and Beauty Aids

FAIRCHILD FACT FILE

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TOILETRIES, COSMETICS, FRAGRANCES & BEAUTY AIDS

Market Trends

The fragrance, cosmetics and toiletries industry in the U.S., which for years had been characterized by a steady growth rate, began to slow down in the early 1980's. Cosmetics had been considered as one of the few "recession-resistant" industries until the economic downturn in 1981-82. In real terms, eliminating the effects of inflation, consumer spending for cosmetics, fragrances and toiletries in 1982 declined 3.6% compared with the previous year and with 1980.

Not only did consumers have less disposable income to spend on products that are primarily luxuries in 1981-1983, but basic shifts in the market were occuring. Consumers seem to be turning away from medium-price products, buying either better, prestige lines or switching to generic, low-price products. Impulse buying declined as customers weighed price and value.

With an increasingly segmented consumer market, companies have tried to keep list prices down, drawing on the experience in fragrances which saw sales suddenly flatten out as consumers resisted the high prices which had been placed on these products.

The higher-priced, prestige lines are facing an increasing problem with diversion of their products, destined for overseas markets, to discounters and mass merchandisers within the U.S. by wholesalers. This has led some retailers to cut back on stocking lines which are appearing on the shelves of lower-priced competitors. The practice--which some manufacturers are now trying to halt with lawsuits--has been particularly costly for some fragrance lines. Counterfeiting of fragrances is also a problem but this, ironically, is diminishing with the increase in diversions.

Changes in the demographic structure of the population--specifically the aging of the female population as the baby-boom years pass into history--are causing changes in product positioning and strategy. More emphasis is being placed on skin care and hair care products. The growth of women in the labor force has slowed down, and there are now not as many new dollars to draw on; however, this group has special needs and likes, spends more on cosmetics, etc., than non-working women and has been a tremendous boost to the industry.

To solve problems, the industry trend will continue in the direction of consolidation through mergers and acquisitions, in the view of most observers. It will also continue to bring out new products, but probably at a reduced rate and probably specifically targeted to market segments--ethnic groups, teenagers, upper-income, younger women, etc. New product areas that are expected to generate excitement lie in deo-colognes; also in home or environmental fragrances.

Another area that appears promising to marketers is the export market. This will take much effort, however, in view of the recent downturn in exports and in the growth of foreign competition.

On the whole, the outlook for the industry is brighter for 1984 than it was in 1983. The U.S. Bureau of Industrial Economics looks for a real growth in manufacturers' value of shipments (not including inflation) of 2.2%. The value of exports

(current dollars) is expected to rise by over 20%; however, imports are expected to gain 36%.

Some segments of the industry will, of course, do much better than others. Fragrance business may pick up in the mass merchandising area, but stronger gains will be found in skin care and hair care products.

AT THE MANUFACTURER LEVEL

GENERAL INDUSTRY STATISTICS

The entire complex of suppliers and product developers involved in the output of products in the toiletries, cosmetics, fragrances and beauty aids classification, including those producing components, those involved in repackaging operations, etc., is much broader than the official industry classification, perfumes, cosmetics and other toilet preparations (Standard Industrial Classification 2844) and includes some 800 to 1,000 manufacturers. This Fact File is, however, focused on end-products, manufactured by some 500 companies with industry volume estimated at over $10.2 billion in 1983.

The 1981 Annual Survey of Manufactures compiled by the U.S. Bureau of the Census provides the latest information on the perfumes, cosmetics and toilet preparations industry and is used by the U.S. Bureau of Industrial Economics as a basis for industry projections. The ASM is based on a survey of a sample of manufacturers and is conducted between the complete census of manufacturers compiled every five years. Findings in the ASM is adjusted for comparability with the most recent complete census covering the year 1977.

Industry shipments, according to the Bureau of Industrial Economics, have grown at a compound annual rate of growth of 8.8% from 1972 to 1983 on a current dollar basis, but at a 1.5% rate in terms of a constant dollar, eliminating inflation. A gain of 2.2% on a constant dollar basis is anticipated for the year 1984 compared with 1983.

Perfumes, Cosmetics & Toilet Preparations Industry (SIC 2844*)

	1983(e)	1982(e)	1981	1980	1977
Number of companies	na	na	na	na	644
Number of establishments	na	na	553**	571**	693
Number with 20 or more employees	na	na	254**	231**	192
Payroll (mil. $)	na	na	$ 911.5	$ 853.7	$ 627.9
Valued added by manufacture# (mil. $)	$ 7,020	$6,804	$5,972.8	$5,413.3	$4,526.7
Value of industry shipments## (mil. $)	$10,235.0	$9,395.0	$8,688.2	$7,874.1	$6,557.2
Capital expenditures, new (mil. $)	na	na	197.3	193.1	105.6

na = not available (e) = estimated

(footnotes continued on next page)

GENERAL INDUSTRY STATISTICS

(footnotes continued from previous table)

*Standard Industrial Classification (SIC) 2844. Covers establishments primarily engaged in manufacturing perfumes, cosmetics and toilet preparations. It also includes establishments primarily engaged in blending and compounding perfume bases and those manufacturing shampoos and shaving products, whether from soap or synthetic detergents.

**Includes establishments with payrolls, only, as reported in County Business Patterns (U.S. Bureau of the Census.)

#Value added by manufacture is derived by subtracting the cost of materials, fuel, etc., from the value of shipments and other receipts, with adjustments for finished and work-in-process inventories. It avoids the duplication in evaluating shipments which results from the use of products of some manufacturing establishments as materials by others, and is, for most purposes, the best measure of individual industries.

##Includes both products described as primary to the industry, as well as secondary products and miscellaneous receipts. The amounts shown as value of shipments for each industry and for individual products or classes of products are the net selling values, f.o.b. plant, after discounts and allowances, and excluding freight charges and excise taxes. For value of shipments of specific toilet preparation made by all manufacturers, including those making them as secondary products, see table on page 8.

Source: U.S. Department of Commerce: Bureau of Annual Survey of Manufactures, 1979, 1980, 1981; Bureau of Industry Economics, 1984 U.S. Industrial Outlook.

Employment & Earnings

Employment in the perfume, cosmetics and toilet preparations industry reached a peak of about 66 thousand, on average, in 1983, according to the U.S. Bureau of Labor Statistics. This compares with an annual average of 53 thousand in 1977, 63.4 thousand in 1982.

Based on reports for the first 10 months of the year, production worker employment averaged over 43 thousand in 1983, up from 41.9 thousand in 1982. The annual average in 1977 was only 32.7 thousand.

The indicated gain in average weekly earnings in 1983 compared with the previous year was not as sharp as the rise between 1981 and 1982 (8.6% vs. 10.7%).

GENERAL INDUSTRY STATISTICS

Employment & Earnings

Employment & Earnings in the Perfumes, Cosmetics & Toilet Preparations Industry (SIC 2844)

	Jan.-Oct. Average		Percent Change	Annual Average		Percent Change
	1983	1982	1983/82	1982	1981	1982/81
Industry total employees (thous.)	65.9	63.5	+ 3.8%	63.4	62.9	+ 0.8%
Production workers (thous.)	43.5	41.9	+ 3.8	41.9	41.6	+ 0.7
Average weekly earnings	$307.84	$283.43	+ 8.6	$268.89	$259.11	+ 3.8
Average hourly earnings	7.79	7.24	+ 7.6	7.30	6.61	+10.4
Average weekly hours	39.4	39.1	+ 0.8	39.3	39.2	+ 0.3
Average overtime hours	2.1	1.9	+10.5	1.9	2.2	-13.6

Source: U.S. Bureau of Labor Statistics, Employment & Earnings

Number of Manufacturing Plants in the Perfumes, Cosmetics, & Toilet Preparations Industry, By Employment Size, 1981 (Includes only plants with payrolls)

	Total Preparations & Cosmetics Plants (SIC 2844)	
	Number	% of Total
Number of plants, total	553	100.0%
By Employment Size:		
Under 10 employees	259	46.8
10-49 employees	157	28.4
50-99 employees	32	5.8
100-499 employees	72	13.0
500 or more employees	33	6.0

Source: U.S. Bureau of the Census, County Business Patterns, 1981.

Concentration in the Industry

A key development in recent years in the industry has been the growing pace of acquisitions and mergers, and most industry observers expect that consolidation among U.S. manufacturers will continue. High profit margins in the industry make the smaller firms attractive acquisition candidates and the high cost of product testing and promotion of new products makes survival difficult for small companies.

The latest report on industry concentration was compiled by the Census Bureau based on the 1977 census of manufactures. This will be updated when 1982 census findings are released. In 1977, the four largest companies controlled 40% of total industry shipments.

GENERAL INDUSTRY STATISTICS

Concentration in the Industry

Concentration Levels in the Perfumes, Cosmetics & Toilet Preparations Industry, 1972, 1977

	Value of Industry Shipments (Mil. $)	Percent Accounted for By: 4 largest companies	8 largest companies	20 largest companies	50 largest companies
Toilet preparations & cosmetics (SIC 2844)					
1977	$6,557.2	40	56	74	90
1972	4,053.0	38	53	74	91

Source: U.S. Bureau of the Census, Census of Manufactures, 1977 Concentration Ratios in Manufacturing MC77-SR-9

As part of the 1978 Annual Survey of Manufactures, the publication, Statistics for States SMSA's, Counties and Cities (discontinued in subsequent years) contained data on toiletries and cosmetics by leading states.

According to the survey, plants in New Jersey accounted for 20.1% of industry shipments in 1978, with a total of $1.5 billion. New Jersey was also the leader as far as the number of employees were concerned accounting for nearly one-third of the industries total.

Leading States in the Manufacture of Perfumes, Cosmetics & Toilet Preparations, 1978

	Value of Industry Shipments		Value Added By Manufacture		
	Mil. $	% of Total	Mil. $	% of Total	Employees (Thous.)
Industry shipments, U.S. Total	$7,228.1	100.0%	$4,957.2	100.0%	54.1
Leading states					
New Jersey	1,456.1	20.1	978.4	19.7	16.7
Ohio	1,085.0	15.0	872.9	17.6	2.9
New York	1,082.4	15.0	809.3	16.3	7.4
California	418.0	5.8	286.4	5.8	6.4

Source: U.S. Bureau of the Census, 1978 Annual Survey of Manufactures, Statistics for States, Standard Metropolitan Statistical Areas, Large Industrial Centers And Selected Cities M78(AS)-6.

GENERAL INDUSTRY STATISTICS

Manufacturers' Financial & Operating Ratios

Despite the economic climate in 1983, the industry was able to increase profits, from 5.8% in 1982 to 6.3%. This was, however, considerably below the 7.9% level reached in 1979 (1984 U.S. Industrial Outlook).

Selected Key Business Ratios for the Perfume, Cosmetics & Toilet Preparations Industry, 1980
(Median Figures)

	Toilet Preparations & Cosmetics (SIC 2844)
Number of firms reporting	61
Current assets to current debt (times)	2.36
Net profits on net sales (%)	3.94%
Net profits on net worth (%)	16.73%
Net sales to inventory (times)	6.4

Source: Dun & Bradstreet, Inc.
Business Economics Division,
Key Business Ratios,
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LEADING MANUFACTURERS

Forbes magazine, in its annual report on American Industry reported that the return on equity over the last five years for the leading toiletries and cosmetics companies was 18.7%, well above the all-industry median of 15.1%.

Sales growth over the last five years, however, averaged 11.2%, a total slightly below the all-industry median of 12.4%.

Revlon, according to Forbes, had the highest five-year average sales growth rate of the measured toiletries and cosmetics companies, with a total of 17.5%. In second place was Chesebrough-Ponds with an average of 14.3%.

Five Year Average Growth & Profitability Ratios of Leading Toiletries & Cosmetic Companies

	Sales Growth		Profitability			
			Return on Equity		Return on Total Capital	
	5 Year Average	5 Year Rank	5 Year Average	5 Year Rank	5 Year Average	5 Year Rank
Revlon	17.5%	1	14.7%	7	12.7%	7
Chesebrough-Pond's	14.3	2	21.3	3	17.5	3
Avon Products	12.1	3	23.5	1	23.1	1
Procter & Gamble	11.3	4	19.7	4	15.4	4
Kimberly-Clark	11.2	5	17.9	6	13.9	6
International Flavors & Fragrances	9.7	6	21.3	2	20.1	2

(continued)

LEADING MANUFACTURERS

Five Year Average Growth & Profitability Ratios of
Leading Toiletries & Cosmetic Companies
(continued)

	Sales Growth		Profitability			
			Return on Equity		Return on Total Capital	
	5 Year Average	5 Year Rank	5 Year Average	5 Year Rank	5 Year Average	5 Year Rank
American Cyanamid	9.4	7	11.5%	9	8.9%	9
Gillette	8.3	8	18.7	5	13.9	5
Colgate-Palmolive	7.5	9	14.3	8	11.7	8
Industry median	11.2		18.7		13.9	
All-industry median	12.4		15.1		10.8	

Source: "36th Annual Report on American Industry," Forbes, January 2, 1984

After years of record growth as the largest U.S. manufacturer of makeup and fragrances sold at retail, Revlon's domestic sales dropped from $820.7 million in 1981 to $791.3 million in 1982; operating profits declined from $185.8 million in 1981 to $110.7 million in 1982.

In the first nine months of 1983, Revlon's sales were up only 1%; however, with stepped up promotions and the development of a new shampoo, the company hopes to register an 8% increase in volume in 1984.

Other large U.S. manufacturers are aggressively aiming at specific market segments. Noxell Corp.--marketer of Noxzema and the Cover Girl brands of makeup and skin cream--has found success in the mass market's teenager segment. While suppliers of higher-priced lines, such as Revlon, ran into trouble in 1982, Noxell's sales gained 12.3%, reaching $261.9 million. Cover Girl is reported to have almost a 14% share of the lower-price cosmetic market, and growing faster in both dollar and unit sales than Maybelline, which holds an 18% share.

Estée Lauder is reported to have the largest share of the skin-care segment of the cosmetics business, which was valued at $2.6 billion in 1983. Lauder may be close to edging out Revlon as the industry's retail leader, in the view of some observers. This maker focuses on the more affluent women who shop in department stores, and it is reported that the Estée Lauder brand has garnered 36% of available department store selling space for cosmetics and toiletries.

Third in importance in the department store trade, after Revlon and Lauder, is Lancôme, the skin-treatment and coloring line of L'Oréal, the French manufacturing giant. Other L'Oréal products are making good progress in the U.S. market.

PRODUCTION LEVELS

The overall level of physical output of U.S. industries is measured in Federal Reserve Board indexes of production. According to this source, production of soaps and toiletries in 1983 gained 5.0% over 1982, reversing the decline in output in 1982, which was 3.1% below 1981 and about equal with the 1979 level.

The Production Index for all consumer goods in 1983 advanced 7.3% over the 1982 level.

Industrial Production Indexes, 1979-1983
(1967 = 100)

	1983	1982	1981	1980	1979
Total industrial production	147.6	138.6	151.0	147.0	152.5
All consumer goods	151.8	141.5	147.9	145.4	148.6
Soaps & toiletries	180.1	171.5	177.0	147.5	171.5

Source: Board of Governors,
Federal Reserve System,
G.12.3

VALUE OF SHIPMENTS

The value of shipments of fragrances, toiletries and cosmetics, including both consumer and professional products, shipped by all U.S. producers was reported at $10.9 billion in 1983, up from $10.0 billion in 1982, by the U.S. Bureau of Industrial Economics (1984 U.S. Industrial Outlook). In the period 1972-1983, shipments grew at a 9.0% compound annual rate on a current dollar basis. When adjusted for inflation, however, the rate of growth for the period declined to 1.7%. An increase of 2.2% in value of shipments in real dollar terms is looked for by the Bureau for 1984 compared with 1983.

The latest year for which data are available on the value of shipments of individual product categories is 1981, as noted below.

Value of Major Product Classifications Shipped By All
U.S. Producers, 1977, 1980, 1981
(Millions of Dollars)

	1981	1980	1977	% Change 1981/80	% Change 1981/77
Toilet preparations, total	$9,247.5	$8,258.8	$6,393.5	+ 12.0%	+ 44.6%
Shaving preparations	304.0	270.9	268.2	+ 12.2	+ 13.3
Perfumes, toilet water & colognes (men's & women's)	1,650.8	1,468.4	1,096.8	+ 12.4	+ 50.5
Hair preparations, incl. shampoos	2,123.2	2,002.7	1,474.9	+ 6.0	+ 44.0
Dentrifaces, mouthwashes, gargles & rinses	1,142.2	916.0	659.6	+ 24.7	+ 73.2
Other cosmetics & toilet preparations	3,730.8	3,342.0	2,597.4	+ 11.6	+ 43.6
Toilet preparations, n.s.k.	296.5	258.8	296.6	+ 14.6	--

n.s.k. = not specified by kind

Source: U.S. Bureau of the Census,
Annual Survey of Manufactures, 1981

VALUE OF SHIPMENTS

Industry revenues in fragrances peaked in 1976 with total sales for women's fragrances by manufacturers amounting to $625 million. As fragrance manufacturers began to increase their prices, reaching double digit increases in 1978, volume declined. Rapidly increasing prices coincided, unfortunately, in the decline in real disposable household income which resulted in a decline in impulse purchases and some discontinuance of fragrance as a gift item. Excessive inventories at the retail trade became a problem, added to reluctance on the part of retailers to stock lines that were being diverted by wholesalers to discounters and mass merchandisers.

The same problems to varying degrees affected other producers of toiletries and cosmetics in recent years. The sharp rise in imports and decline in exports, due primarily to the strong U.S. dollar which raised prices abroad, along with the U.S. recession have generally resulted in a flat performance in U.S. manufacturers' product shipments.

In the face of current market conditions, consolidation in the industry will continue, not only involving mergers and acquisitions, but with greater emphasis on fewer new products.

The 50 largest companies in the toilet preparations and cosmetics industry in 1977 accounted for 87% of the value of product shipments, almost identical to the 88% reported for the 50 largest companies in 1972.

The larger companies control an inordinately large amount of product shipments in the industry, particularly in the dentrifaces area, where the four largest companies represent 87% of the value of product shipments.

Concentration Ratios in the Manufacture of Toilet Preparations, 1972, 1977

	Value of Product Shipments (Mil. $)	Percent Accounted For By: 4 largest companies	8 largest companies	20 largest companies	50 largest companies
Toilet preparations					
1977	$6,393.5	37	51	70	87
1972	4,244.5	37	50	73	88
Shaving preparations					
1977	268.2	47	73	97	99+
1972	250.4	57	77	96	99+
Perfumes, toilet water & cologne					
1977	1,096.8	54	69	89	99
1972	674.6	48	61	85	97
Hair preparations, incl. shampoo					
1977	1,474.9	50	67	88	97
1972	1,065.0	46	63	86	96

(continued)

VALUE OF SHIPMENTS

Concentration Ratios in the Manufacture of Toilet Preparations, 1972, 1977
(continued)

	Value of Product Shipments (Mil. $)	Percent Accounted for By: 4 largest companies	8 largest companies	20 largest companies	50 largest companies
Dentrifaces, incl. mouthwashes, gargles & rinses					
1977	$ 659.6	87	97	99+	100
1972	484.6	79	95	99	99+
Other cosmetics & toilet preparations					
1977	2,597.4	39	56	79	95
1972	1,674.0	45	61	82	96

Source: U.S. Bureau of the Census, Census of Manufactures, 1977, Concentration Ratios in Manufacturing MC77-SR-9

FOREIGN TRADE

Poor economic conditions in Europe and in South America, and the strong American dollar which makes U.S. products comparatively expensive abroad, as well as competition from foreign producers in Japan and elsewhere, had a serious impact on the fragrance, toiletries, cosmetics industry in the U.S.

From a value of $53.9 billion in 1972, exports of these products skyrocketed to $350 million in a decade and growth seemed assured. By early 1984 the Commerce Department had scaled down their estimates for 1983 exports to $320 million.

To make matters worse, 1983 imports of cosmetics, etc., were almost double the figure originally estimated by the Commerce Department and climbed to $104 million.

U.S. Foreign Trade in Toiletries, Cosmetics, Fragrances
Trends & Projections, 1972-1984
(Millions of Dollars)

	1972	1981	1982	1983*	Compound Annual Growth Rate 1972-1983	Projected 1984
Value of exports	$ 53.9	$370.8	$352.7	$320.0	17.6	$385.0
Value of imports	20.0	102.7	123.6	188.8	22.6	255.0
Export/shipment ratio	0.013	0.040	0.035	0.029	--	--
Import/new supply ratio#	0.005	0.011	0.001	0.017	--	--

* Estimated
\# New supply is the sum of product shipments plus imports.

Source: Bureau of the Census and Bureau of Industrial Economics.

FOREIGN TRADE

The products most responsible for the import growth rate are fragrances and cosmetics. If the trend in imports vs. exports continues at its present pace, a deficit in foreign trade in the cosmetics/fragrance/toiletries field could result as early as 1988.

Over the first 10 months of 1983, exports of these products fell 11.2%, while imports gained 34.7%. Canada is currently the largest importer of these products from the U.S.

PRODUCER PRICE INDEX

Between November of 1982 and November of 1983, the producer price index for cosmetics and toilet preparations fell 5.9%, while the index for all commodities registered a gain of 1.7%. The largest decline for any reported category was in aftershave preparations which registered a decline of 8.3%. The largest increase during the twelve month period was for cleansing creams which marked a gain of 16.1%.

Between 1981 and 1982, while the index for all commodities had a minimal gain of 2.1%, the index for toiletries and cosmetics went up a whopping 22.7%.

Producer Price Index for Specified Toiletries & Cosmetics
(1967 = 100, unless otherwise indicated)

	November Average			Annual Average		
	1983	1982	% Change 1983/82	1982	1981	% Change 1982/81
All items	305.6	300.4	+ 1.7%	299.3	293.0	+ 2.1%
Cosmetics & toilet preparations	213.2	226.6	- 5.9	225.2	208.0	+ 8.3
Shaving preparations**	118.7	122.7	- 3.3	128.0	108.2	+18.3
Shaving soap & cream	na	256.8	na	260.4	234.8	+10.9
Aftershave preparations*	173.8	189.6	- 8.3	201.3	164.3	+22.5
Perfume, cologne & toilet water**	131.1	130.9	+ 0.2	127.3	112.9	+12.8
Perfume	307.3	298.5	+ 2.9	299.9	263.2	+13.9
Cologne & toilet water**	233.2	239.2	- 2.5	225.5	202.2	+11.5
Hair preparations	116.1	113.3	+ 2.5	109.3	103.3	+ 5.8
Soap shampoo	151.7	148.6	+ 2.1	145.9	135.3	+ 7.8
Synthetic organic detergent shampoo**	100.7	100.8	- 0.1	103.7	105.3	- 1.5
Hair tonics, incl. conditioners	252.9	235.2	+ 7.5	237.3	217.0	+ 9.4
Hair dressings**	135.9	128.3	+ 5.9	123.2	110.6	+11.4
Hair spray (aerosol)*	na	283.2	na	267.0	248.7	+ 7.4
Home & commercial permanents	234.8	229.9	+ 2.1	221.0	na	--
Creams**	132.7	121.6	+ 9.1	126.1	117.3	+ 7.5
Cleansing creams	390.6	336.3	+16.1	340.8	296.4	+15.0
Foundation creams**	119.8	115.0	+ 4.2	114.6	108.1	+ 6.0
Lubricating creams**	139.4	125.9	+10.7	139.8	130.5	+ 7.1
Other creams**	119.4	113.8	+ 4.9	113.3	107.3	+ 5.6

(continued)

PRODUCER PRICE INDEX

Producer Price Index for Specified Toiletries & Cosmetics
(1967 = 100, unless otherwise indicated)
(continued)

	November Average			Annual Average		
	1983	1982	% Change 1983/82	1982	1981	% Change 1982/81
Lotions & oils**	122.2	115.5	+ 5.8%	116.7	110.5	+ 5.6%
Suntan & sunscreen**	111.8	106.7	+ 4.8	106.5	104.6	+ 1.8
Hand lotions	181.4	156.7	+15.8	168.4	151.6	+11.1
Other lotions & oils**	116.7	na	na	116.1	107.5	+ 8.0
Cosmetics**	129.7	122.2	+ 6.1	125.9	116.4	+ 8.2
Lip preparations	212.9	203.7	+ 4.5	205.6	180.7	+13.8
Blushes**	124.8	119.3	+ 4.6	117.1	107.4	+ 9.0
Eye preparations*	146.6	135.7	+ 8.0	144.0	142.1	+ 1.4
Deodorant**	120.4	115.7	+ 4.1	116.8	108.3	+ 7.8
Aerosol underarm deodorant	219.2	212.5	+ 3.2	217.0	201.7	+ 7.6
Cream, liquid & roll on	131.5	122.9	+ 7.0	119.3	108.6	+ 9.9
Manicure preparations	na	96.8	na	95.4	94.3	+ 1.2
Nail lacquer & enamel	na	157.7	na	155.7	147.0	+ 5.9
Powders**	134.3	125.0	+ 7.4	123.2	114.0	+ 8.1
Face powder	256.3	240.4	+ 6.6	230.6	205.6	+12.2
Wet application powder**	127.0	na	na	120.7	108.3	+11.4
Bath oils & salts*	na	132.7	na	145.0	143.4	+ 1.1

* = 12/71 = 100
** = 6/80 = 100

Source: Bureau of Labor Statistics

NATIONAL ADVERTISING

As one of the most competitve of all consumer product groups, the cosmetics, fragrance and toiletries industry must encompass extraordinarily high advertising and promotion budgets--particularly now in launching new products in generally crowded fields.

The perfumes, cosmetics and toilet preparations industry ranks second among all U.S. industries in terms of media advertising expenses as a percentage of sales, according to an analysis by the Federal Trade Commission. In terms of selling expenses as a whole, including advertising, plus salespeople, promotions, etc., the industry ranks third.

Proprietary drugs outranked the industry in terms of media advertising expense and selling expense--with first position on both counts. Baked goods ranked second in selling expense as a percentage of sales.

NATIONAL ADVERTISING

Perfumes, Cosmetics & Toilet Preparations Percentage of Sales Accounted For By Media Advertising Expense & By Total Selling Expense

	% of Sales
Total selling expenses	29.5
Media advertising expenses	14.3

Source: Federal Trade Commission: Annual Line of Business Report, 1976

Although the market for most product categories is huge, the majority of products have generally passed the stage of rapid growth. Gaining market share means persuading customers to switch brands, rather than try a completely new product.

To an increasing extent, promotions are being carefully orchestrated to reach a specific market segment--such as women in their thirties, targets for Richardson-Vicks' promotions on Oil of Olay; the target for Noxell's Cover Girl: teenagers; the upscale market for Lancôme's L'Oréal line.

It is not unusual for over $20 million to be spent on a new shampoo or hair care product. In fact, it has been reported that Revlon will spend $25 million in 1984 --its biggest campaign ever--to launch a new prestige shampoo (Hair's Daily Requirement).

In 1982, hair care marketers spent some $275 million in ads and at least $150 million in store promotions and samples. To an increasing extent, manufacturers are promotiong complete lines of hair and other products, to win acceptance of complete personal care systems. Gifts-with-purchase or reduced-price gifts with purchase are important parts of the promotions of many manufacturers.

Warner cosmetics spent more on advertising its Vanderbilt perfume line in 1982 than any other company spent on any single brand of perfume or toilet water. Warners expenditures on Vanderbilt represented 6.6% of all advertising for perfumes and toilet waters in 1982. Chanel perfume was the second most advertised brand of toilet water and cologne.

The top ten brands represented 46% of all dollars spent on advertising of toilet water and perfumes in 1982 with expenditures of nearly $45 million.

Media Expenditures for Perfumes & Toilet Waters by Major Advertisers
(Six-Media Totals)
(Thousands of Dollars)

Perfume Brand	1982 Total	% of Total Media Expenditures for Perfumes & Toilet Waters
Vanderbilt	$ 6,472.9	6.6%
Chanel	5,878.1	6.0
Sophia	5,367.4	5.5
Charlie	4,652.2	4.7
Daydreams	4,161.4	4.3
Cenchal	4,137.1	4.2
Jontue	3,756.9	3.8
Emeraude	3,748.4	3.8
Nuance	3,545.8	3.6
White linen	3,159.9	3.2
Top ten, total	44,880.1	46.0

Source: Leading National Advertisers

Old Spice cologne had the most dollars spent on advertising in 1982, accounting for 12.0% of all advertising dollars for men's toiletries. A distant second was garnered by Stetson cologne with 7.1% of the total.

Media Expenditures for Men's Toiletries by Major Advertisers
(Six-Media Totals)
(Thousands of Dollars)

Men's Toiletries Brand	1982 Total	Percent of Total Media Expenditures for Men's Toiletries
Old Spice Cologne for Men	$ 7,735.1	12.0%
Stetson Cologne for Men	4,559.5	7.1
Mennen Skin Bracer	3,494.5	5.4
Chaps Cologne for Men	3,449.8	5.4
Aqua Velva Aftershave	3,282.8	5.1
Aramis & Devin Men's Cologne	2,542.7	4.0
English Leather Cologne	2,407.9	3.8
Blue Stratos Aftershave/Cologne	2,287.3	3.6
Edge Shaving Gel	2,087.2	3.3
Brut Toiletries for Men	2,083.1	3.2
Top ten, total	33,929.9	52.9

Source: Leading National Advertisers

THE POTENTIAL MARKET

The aging of the "baby boomers"--people born in the 1950's and 1960's--has many ramifications for marketers of fragrances, toiletries and cosmetics. The number of women in the principal target group, teenagers and young women, is now beginning to decline. By 1990, according to Census Bureau projections, the number of women 16 to 19 years of age in the U.S. population will register a decline of almost 4% compared with 1983; the number 20 to 34 years of age will drop by 14.5%.

Over the next 25 years, the fastest growing age group will be age 35-54 years. Women of this age will gain 54.2% by the year 2000 compared with the number in 1983; the count for men of the same age will be up 58.1%.

In view of this development, the industry will be changing their product mix--focusing increasingly on skin treatment and moisturizing products, wrinkle removers and smoothers, and the like.

Projections of the U.S. Female Population, 1983, 1990, 2000

	Number (thousands)			% Change	Percent Distribution		
	1983	1990	2000	2000/1983	1983	1990	2000
Total, all ages	120,217	128,234	137,611	+ 14.5%	100.0%	100.0%	100.0%
Under 16 years	26,924	28,240	29,175	+ 8.4	22.4	22.0	21.2
16 years & over	93,293	99,994	108,436	+ 16.2	77.6	78.0	78.8
16-19 years	7,654	6,704	7,373	- 3.7	6.4	5.2	5.4
20-34 years	30,925	30,774	26,442	- 14.5	25.7	24.0	19.2
35-44 years	14,940	19,119	21,885	+ 46.5	12.4	14.9	15.9
45-54 years	11,518	13,051	18,925	+ 64.3	9.6	10.2	13.7
55 years & over	28,256	30,346	33,811	+ 19.6	23.5	23.7	24.6
Median age (years)	32.2	34.3	37.7	+ 17.1			

NOTE: These are Series II projections, which assume a fertility rate of 2.1, or at the replacement level.

The Male Population of the U.S., 1983 & Projections to 2000*

	Number (thousands)			% Change	Percent Distribution		
	1983	1990	2000	2000/1983	1983	1990	2000
Total, all ages	113,977	121,498	130,379	+ 14.4%	100.0%	100.0%	100.0%
Under 16 years	28,180	29,591	30,592	+ 8.6	24.7	24.4	23.5
16 years & over	85,797	91,907	99,787	+ 16.3	75.3	75.6	76.5
16-19 years	7,958	6,999	7,709	- 3.1	7.0	5.8	5.9
20-34 years	31,162	31,301	27,071	- 13.1	27.3	25.8	20.8
35-54 years	25,302	31,066	40,002	+ 58.1	22.2	25.5	30.7
55 years & over	21,376	22,541	25,005	+ 17.0	18.8	18.5	19.1
Median age (years)	29.6	31.8	34.9	+ 17.9			

*Middle series (out of three) projections based on varying assumptions on fertility, mortality and emigration.

Source: U.S. Bureau of the Census, Series P-25, No. 922 (October 1982).

CONSUMER EXPENDITURES

According to the Bureau of Economic Analysis (U.S. Department of Commerce), the total value at retail of toilet articles and preparations of all types reaching the consumer in 1982, excluding spending in beauty shops, barbershops and other beauty establishments and health clubs, amounted to $16,898 million. On a current dollar basis, this represented a gain of 4.9% compared with 1982.

On a constant dollar basis, eliminating inflation, spending in 1982 registered a 3.6% decline compared with spending in 1972. Price increases have masked the fact that unit sales in the fragrance and cosmetics industry have been declining in recent years, continuing into 1983. The recent recession accelerated a growing resistance on the part of consumers to impulse buying and increased interest in real product values rather than glamour or prestige.

Personal Consumption Expenditures for Toilet Articles & Preparations, 1979-1982

					% Change	
	1982	1981	1980	1979	1982/ 1981	1982/ 1979
Total (millions of current $)	$16,898	$16,115	$14,664	$13,600	+ 4.9%	+24.2%
% of total personal consumption expenditures	0.85%	0.88%	0.88%	0.90%	--	--
Total (billions of 1972 $)	$ 8.0	$ 8.3	$ 8.3	$ 8.4	- 3.6%	- 4.8%

Source: Based on U.S. Department of Commerce, Bureau of Economic Analysis data

Spending By Product Type

Official figures on retail sales of specific product categories in the fragrance, cosmetics, toiletries classification are lacking, and market information must be based on an evaluation of data compiled by a number of trade sources. The problem of arriving at an acceptable overall figure is complicated by the fact that there is no uniform definition of products to be included in the category among the diverse types of retail outlets in the market from drug stores to department stores.

The trade publication, Product Marketing, compiles annual estimates of consumer spending by product which are described as estimates of retail sales based on variations by product distribution in various classes of trade, with projections taking into account differences in retail markups, etc. The figures, it is pointed out, should be considered indicative, rather than definitive.

According to Product Marketing, the total volume at retail of cosmetics, fragrances and toiletries amounted to $13.8 billion in 1982, up from $12.9 billion in 1981 and $9.3 billion in 1978.

The largest segment of this market was composed of cosmetics ($3.6 billion in 1982), followed by hair products ($2.7 billion), according to this source.

CONSUMER EXPENDITURES

Spending By Product Type

Estimated Volume At Retail, 1978-1982
(Millions of Dollars)

	1982	1981	1980	1979	1978
Cosmetics, fragrances, etc., total	$13,798.3	$12,872.1	$11,440.1	$10,256.9	$9,263.8
Cosmetics	3,584.2	3,454.9	3,012.5	2,656.7	2,261.9
Fragrances, women's	2,187.8	2,123.7	1,974.2	1,828.3	1,643.6
Hair products	2,679.5	2,321.6	2,070.3	1,913.4	1,820.1
Men's toiletries	918.0	879.7	850.8	852.0	752.5
Skin preparations	2,498.1	2,352.0	1,965.6	1,552.4	1,365.1
Personal cleanliness (bath soaps, external deodorants)	1,930.5	1,740.3	1,556.8	1,454.1	1,420.5

Source: Product Marketing, 36th Annual Consumer Expenditure Study (August 1983 Issue)

Estimated Consumer Expenditures For Specified Product Classifications
1981, 1982
(Millions of Dollars)

	1982	1981	% Change 1982/1981
Total, all products	$13,798.3	$12,872.1	+ 7.2%
Cosmetics, total	3,584.2	3,454.9	+ 3.7
Make-up preparations	1,097.1	1,075.4	+ 2.0
Lipsticks	523.3	496.5	+ 5.4
Lip gloss	135.7	163.9	- 17.2
Eye make-up	1,033.0	982.0	+ 5.1
Nail products	585.5	557.9	+ 4.9
Other, including accessories	209.7	179.1	+ 17.1
Fragrances, women's, total	2,187.8	2,123.7	+ 3.0
Perfume	205.4	216.6	- 5.2
Toilet water, cologne	1,446.1	1,364.4	+ 6.0
Gift sets	225.4	246.9	- 8.7
Scented bath products	220.7	207.9	+ 6.2
Bubble bath	90.2	87.9	+ 2.6
Personal cleanliness, total	1,930.5	1,740.3	+ 10.9
Bath soaps	1,156.8	1,032.0	+ 12.1
External deodorants	773.7	708.3	+ 9.2

(continued)

CONSUMER EXPENDITURES

Spending By Product Type

Estimated Consumer Expenditures For Specified Product Classifications
1981, 1982
(Millions of Dollars)
(continued)

	1982	1981	% Change 1982/1981
Men's toiletries, total	$ 1,050.1	$ 1,001.3	+ 4.9%
Colognes	225.9	210.7	+ 7.2
Talcum powder	6.9	7.0	- 1.4
Gift sets	97.7	114.3	- 14.7
Regular/gel	75.5	71.3	+ 5.9
Hair coloring	27.5	26.2	+ 5.0
Shave cream	165.4	151.3	+ 9.3
Other shave products	237.5	222.6	+ 6.7
Skin treatment products	6.0	6.2	- 3.2
Skin preparations, total	2,498.1	2,352.0	+ 6.2
Suntan, sunscreen products	203.4	196.8	+ 3.4
Hair products, women's	2,679.5	2,321.6	+ 15.4
Shampoos	1,028.6	983.1	+ 4.6
Conditioners	395.9	na	--
Dressings, fixatives	464.3	412.5	+ 12.6
Color preparations	562.8	505.8	+ 11.3
Home permanents	111.1	102.8	+ 8.1
Straighteners	52.1	42.2	+ 23.4
Wave sets	23.5	21.4	+ 9.8
Ethnic wave products	41.1	na	--

na = not available

Source: Product Marketing, 36th Annual Consumer Expenditure Study (August 1983 Issue)

FRAGRANCES

The retail market for fragrance products is currently estimated by various trade sources at from $2.4 billion to $3 billion. It is generally agreed, however, that business has been flat in recent years. Considering inflation and price increases, the decline in consumption of fragrance products has been significant.

Unit sales in 1982 were reported to have dropped 5%. The era of fast growth, when the baby-boom generation sent sales soaring, has passed. Within the industry manufacturers are now trying to carve out special niches, such as the musk segment which registered a $100 million retail volume in 1982 and which showed unit growth reported at about 6% to 7% a year compared with flat overall unit growth in the fragrance market.

CONSUMER EXPENDITURES

Spending By Product Type

FRAGRANCES (continued)

The industry has also consolidated lines, eliminating weak brands. The top seven women's fragrance companies--Avon, Revlon, Estée Lauder, Prince Matchabelli, Charles of the Ritz Group, Jacqueline Cochran and Coty--accounted for 54% of sales in 1980 compared with 49% in 1970. In the men's fragrance industry, the six leading companies accounted for 60% of total business in 1980, up from 43% in 1970, according to an analysis by Salomon Bros.

The Fragrance Foundation has estimated retail sales of women's fragrance products in 1983 at $1,700 million, men's, $800 million.

Estimated Retail Sales of Fragrance Products
(Perfumes, Colognes, Toilet Water)
(Millions of $)

Year	Total	Women's	Men's
1983	$2,500	$1,700	$ 800
1979	2,150	1,300	850

Source: The Fragrance Foundation

Some excitement in the fragrance segment is being generated by two new areas that are expected to show good growth in the next few years: deo-colognes (body sprays combining fragrance with deodorants) and the home or environmental fragrance area--served by a variety of new products coming on the market--ranging from fragrance disc players to sprays.

Lever Brothers was first in introducing a deo-cologne (Impulse) in the U.S. market in 1982; other manufacturers are following. Gillette is reported to be planning to spend $11 million in 1984 to introduce Body Flowers, and analysts expect sales to reach $80 million.

A major problem in the fragrance industry is diversion of prestige brands. This is primarily due to the switching of overseas shipments by wholesalers to unauthorized outlets within the U.S.--mainly discounters, chains and mass merchandisers. These outlets, normally denied access to prestige fragrance and cosmetics lines, are able to obtain them from diverters and are cutting gross margins in upscale categories to below 20%. U.S. fragrance manufacturers claim to have lost $280 million in sales in 1982 due to the abundance of diverted goods in the U.S. market.

It is reported that diversion deals are also being worked out by some fragrance manufacturers, and even high-end retailers with overstock, as well as by wholesalers and distributors. At the same time, some fragrance houses are purposely widening distribution to increase sales. Selling to the mass market may help increase sales, but it generally makes the life cycle shorter for the high-end, prestige brand.

CONSUMER EXPENDITURES

Spending By Product Type

HAIR CARE

The market for hair care items is polarized--with price brands on one end, upscale on the other. It is a very large market, getting very crowded with many competitors. Hair care item sales are dominated by three outlet types: drug stores, supermarkets and mass merchandisers--but to varying degrees, depending on the product. Private labeling in the hair care market is expanding rapidly.

Drug stores are the leading outlet for hair coloring products and home permanents, according to A.C. Neilsen. Supermarkets hold about a 50% share of shampoos sales, hair fixatives and hair preparations. Drug stores are the leading outlet for hair coloring and home permanents. Mass merchandisers generally rank third, after drug stores and supermarkets in the sale of hair care products.

Upscale department stores are also getting into the hair care market as manufacturers expand their lines. Revlon in 1984 will launch a new $3.50 shampoo (Hair's Daily Requirement) with its biggest ad campaign, pegged at $25 million.

According to an industry analysis by Forbes (December 6, 1982) something like 75 new hair care products come onto the market every year. Competitive pressure is so great, however, that about an equal number are pushed out of the market. The shampoo segment is the largest, with retail volume of $1.1 billion a year, but growing at a relatively slow (7%) rate. The conditioner market ($700 million) is reported to be showing a 13% growth rate. No one brand controls more than 10% of the shampoo or conditioner market, but the market is huge and a percentage point covers a lot of dollars.

Of the $3 billion retail market for hair care products, over $700 million, or 23%, is accounted for by sales to blacks, who constitute only 12% of the population. The rapidly growing demand for ethnic hair preparations has resulted in expansion into this category by supermarkets which are becoming the leading outlet type.

DEODORANTS

The $1.1 billion deodorant market has been under pressue in recent years to bring out new products in the face of consumer resistance to aerosol products because of a fear that fluorocarbons might damage the atmosphere. This has resulted in Right Guard (Gilette) sprays' market share declining from 26% in 1966 to 8.6% in 1982. A product overhaul has, however, resulted in a pickup in market share to over 9%.

COSMETICS/SKIN CARE

The cosmetics/skin care market, valued at retail at $11 billion, has registered a divergent trend. In 1983 the lower end of the line was weak, while prestige, higher-priced lines were reported to have done well.

CONSUMER EXPENDITURES

Spending By Product Type

COSMETICS/SKIN CARE (continued)

The future strength in this market is seen in the development of products for aging skins, as the bulk of population growth trends shifts away from the youth market.

RETAIL SALES BY TYPE OF OUTLET

Manufacturers selling prestige fragrances and cosmetics lines must usually lease counter space for their lines in department stores and large specialty stores, keep large inventories on hand, pay commission to sales people.

As previously noted, higher-priced, prestige lines are faced with a growing problem of diversion of their products from the normal pipeline to upscale stores to supermarkets and discounters. This has led to some reluctance on the part of the prestige retailers to stock full inventories.

Market share by outlet type varies widely by product price line and by category. In general, department stores and specialty stores are the dominant outlets for higher-priced cosmetics, fragrances and toiletries; supermarkets, drug stores and mass merchandisers are the main outlets for lower-priced lines and for staples, such as hair and nail care products.

Supermarkets

As supermarket managements have become increasingly beset by smaller profit margins on food products, and by changes in consumption patterns brought on by the fast food chains, they have put more emphasis on beauty aids which offer more substantial markups.

Hair care ranks among the top volume and profit producers for supermarkets, and in 1982, according to Chain Store Age/Supermarkets represented 16% of the total H&BA category. Although accounting for only 3.6% of total H&BA sales in 1982, cosmetics showed strong growth in supermarkets in 1982, climbing 32% to reach a total sales volume of $362 million.

It has been reported that food stores' share of cosmetics sales reached almost 26% in 1982, with unit share approaching 17%. An industry observer forecasts that by 1985-86, supermarkets' share of the drug/food/mass merchandiser cosmetics business will hit 20%. More supermarkets are getting into cosmetics as they are able to obtain major lines and to use modular units for display.

RETAIL SALES BY TYPE OF OUTLET

Supermarkets

Toiletries/Cosmetics Sales in Supermarkets, 1981, 1982

	Millions of $		% of Total Health & Beauty Aids Dept. Sales	
	1982	1981	1982	1981
Hair care	$1,582.8	$1,499.3	15.5%	16.7%
Creams, lotions	556.1	519.5	5.5	5.8
Men's toiletries*	125.2	119.9	1.2	1.3
Cosmetics	362.0	275.0	3.6	3.1
Deodorants, etc.	698.9	583.3	6.9	6.5
Total	$3,325.0	$2,997.0	32.7	33.4

* Excluding shaving cream, razor blades, razors.

Source: Chain Store Age/Supermarkets (July 1983)
(Covering supermarkets with a total volume of $2 million and up)

Drug Stores & Grocery Stores

Estimated Share of Retail Sales of Specified Toiletries & Cosmetics Accounted for by Drug Stores & Grocery Stores, 1982

	% in Drug Stores	% in Grocery Stores
HAIR PRODUCTS		
Haircoloring preparations	63%	15%
Shampoos	30	59
Women's hair dressings & conditioners	37	45
Women's hair sprays	31	46
Men's hair dressings	50	49
Cream rinses	37	54
Home permanent kits & waveset preparations	54	30
Hair brushes	21	32
Hair combs	23	11
SHAVING PRODUCTS		
Shaving cream	45	44
After-shave lotions	41	32
Pre-shave lotions	41	41
COSMETICS PRODUCTS		
Eye make-up products	35	19
Make-up bases	20	5
Pressed cake powder & blush make-up	25	5

(continued)

Drug Stores & Grocery Stores

Estimated Share of Retail Sales of Specified Toiletries & Cosmetics Accounted for by Drug Stores & Grocery Stores, 1982
(continued)

	% in Drug Stores	% in Grocery Stores
SKIN CARE PRODUCTS		
Face creams	30%	20%
Face lotions & astringents	40	11
Hand & body lotions	35	38
Liquid facial cleansers	32	28
Talcum & body powders	40	12
Lip protectors	61	27
Suntan oils & lotions	45	17
FRAGRANCES & COLOGNES		
Women's fragrances, toilet water & colognes	30	na
Perfumes	20	na
Men's fragrances	44	na
Men's colognes	60	6
PERSONAL DEODORANTS & ANTIPERSPIRANTS		
Aerosols	31	30
Roll-ons	34	43

na = not available

Source: Drug Topics (July 4, 1983); Supermarket Business, 36th Annual Consumer Expenditures Study, (September 1983)

RETAIL SALES BY TYPE OF OUTLET

Department Stores

In 1982, cosmetics, fragrances and toiletries sales in department stores registered a typical (median) gain of 11.3% over 1981 according to the annual Merchandising and Operating Results report issued by the National Retail Merchants Association. This was well above the typical 3.8% increase in sales for all upstairs departments in these stores. At $256, sales per square foot are much higher in the cosmetics, fragrances and toiletries department than for the upstairs store as a whole ($109).

Merchandising & Operating Results of Cosmetics, Fragrances & Toiletries Departments In Department Stores with Sales Over $1 Million, 1982
(Median Results)

	Total Upstairs Departments (103*)	Cosmetics, Fragrances & Toiletries (84*)
Net sales, % change from last year	+ 3.8	+ 11.3%
Sales, % of merchandise division**	--	73.7
Sales, % of total store sales	90.7	6.3
Cumulative markon, %	48.4	39.9
Gross margin, % of sales (incl. cash discounts)	41.9	39.3
Markdowns, % of sales (incl. employee discounts)	14.4	1.2
Salespeople's salaries, % of sales	7.8	8.2
$ sales per sq. ft. of selling space (Main or largest selling unit)	$109.0	$256.0
Number of stock turns (times)	2.7	2.9

* Number in parentheses represents the number of reporting firms in each category
** Cosmetics, fragrances and toiletries department is in the personal needs and small wares merchandise division.

Source: National Retail Merchants Association, Merchandising & Operating Results of 1982 (1983 edition)

CONSUMER PRICES

Consumer prices for toilet goods and personal care appliances rose 5.2% in 1983, marking a slowing from the 7.0% increase registered in 1982. The most rapidly climbing segment in 1983 was the dental and shaving products group up 7.1% in the year. The slowest rise in consumer prices was recorded by the products for hair group, up 5.5%.

Overall consumer prices rose only 3.2% in 1983 after a rise of 6.1% in the previous year.

Consumer Price Index for Toiletries & Cosmetics, 1981 - 1983
(1967 = 100, unless otherwise stated)

				Percent Change	
	1983	1982	1981	1983/ 1982	1983/ 1981
All items	298.4	289.1	272.4	+ 3.2%	+ 9.5%
Personal care	261.1	248.3	232.0	+ 5.2	+ 12.5
Toilet goods & personal care appliances	260.6	246.1	227.2	+ 5.9	+ 14.7
Products for the hair, hair pieces & wigs*	151.5	143.5	132.7	+ 5.5	+ 14.1
Dental & shaving products*	161.8	151.1	137.8	+ 7.1	+ 17.4
Cosmetics, bath & nail preparations manicure & eye make-up implements*	147.2	138.8	128.0	+ 6.1	+ 15.0
Other toilet goods & small personal care appliances*	147.6	140.7	131.4	+ 4.9	+ 12.3

* = 12/77 = 100

Source: U.S. Bureau of Labor Statistics

CONSUMER BUYING HABITS

Women's Cosmetics

In February 1983, Vogue magazine conducted a study among its subscribers covering the buying and usage of beauty and grooming products. Questionnaires were mailed to 5000 subscribers with the first 2,433 replies forming the base for the study.

The study found that lipstick and eye shadow were the most frequently used products, reportedly used by 96% and 95% of respondents, respectively. Usage was at its lowest within eyebrow make-up group with only 46% of respondents stating they ever used the products.

Percent of VOGUE Readers Using Specified Cosmetics & Their Frequency of Usage

	Percent Using*	Frequency of Usage: Daily	Few Times a Week	Less Often	No Answer	Avg. Price Paid
Face powder	64%	na	na	na	na	na
Loose face powder	45	55	14	19	12	$ 9.74
Pressed powder	3[illegible]	50	18	20	12	7.78
Foundation make-up	84	na	na	na	na	na
Tinted liquid	67	69	12	14	5	11.18
Tinted cream	16	54	14	19	13	10.33
Bronzer	12	32	8	50	10	8.35
Make-up stick	13	61	15	15	9	5.18
Other forms of foundation, make-up	4	na	na	na	na	na
Blusher	93	na	na	na	na	na
Powder	76	69	11	7	13	8.23
Cream	35	56	14	13	17	6.92
Liquid	7	na	na	na	na	na
Stick	5	na	na	na	na	na
Crayon	1	na	na	na	na	na
Lipstick	96	na	na	na	na	na
Full coverage	83	68	13	5	14	6.55
Sheer	38	53	22	10	15	6.19
Lipgloss	58	na	na	na	na	na
Pot	32	31	24	28	17	5.70
Tube	22	38	23	19	20	4.94
Wand	18	28	24	27	21	5.59
Lip pencil	52	41	18	25	13	5.49
Eye Shadow	95	na	na	na	na	na
Powder	77	69	15	10	6	8.58
Crayon/pencil	52	66	16	12	6	5.90
Wand/applicator	32	59	14	18	9	7.48
Cream	14	37	19	26	18	8.35
Liquid	9	36	16	30	18	8.57

(continued)

CONSUMER BUYING HABITS

Women's Cosmetics

Percent of VOGUE Readers Using Specified Cosmetics & Their Frequency of Usage (continued)

	Percent Using*	Frequency of Usage: Daily	Few Times a Week	Less Often	No Answer	Avg. Price Paid
Eyeliner	60%	68	12	13	7	$ 5.92
Mascara	91	na	na	na	na	na
Automatic wand	53	70	10	8	12	6.42
Lash lengthener, thickener	46	75	9	6	10	6.13
Comb-on	8	na	na	na	na	na
Cake	3	na	na	na	na	na
Other types of mascara	3	na	na	na	na	na
Eyebrow Make-up	46	na	na	na	na	na
Wood pencil	27	67	7	15	11	4.68
Brush-on brows	15	67	6	13	14	5.75
Automatic pencil	10	57	8	15	20	4.83

* Base: Users of each product category.
na = not available

Influences Towards Trying a New Make-Up Product

	Foundation Make-up	Face Powder	Blusher	Lipstick/ Lipgloss	Eye Make-up Products
Magazines	33%	31%	34%	40%	58%
Television	9	5	6	9	16
Product samples	34	24	32	34	45
Store promotions	25	21	27	28	38
Salesperson	43	39	40	36	36
Friends/relatives	29	24	25	27	28
Other	13	15	12	15	--

Note: Totals add to more than 100.0% due to multiple responses. Base is number of respondents using the product.

Source: Vogue Magazine
Beauty/Health Study 1983

CONSUMER BUYING HABITS

Skin Care Products

Better than half of all Vogue subscribers used skin care products with age retarding ingredients according to the February 1983 survey. Of these users, 82% applied the product daily while another 13% used them a few times a week.

The most commonly used skin care product among subscribers was moisturizers used by 85% of respondents. The vast majority of the users (79%) reported that they used the moisturizer daily.

The most effective way to get people to try skin care products appears to be through product samples, with 56% of respondents reporting this to be a major influence.

Percent of VOGUE Readers Using Specified Skin Care Products & Their Frequency of Usage

	Percent Using*	Daily	A Few Times A Week	Less Often	No Answer	Avg. Price Paid
Cleansing cream	39%	69%	13%	8%	10%	$ 9.19
Cleansing lotion	25	56	16	14	14	10.46
Cleansing grains	16	9	23	58	10	7.95
Facial soap	57	81	6	6	7	5.90
Astringent	36	53	19	16	12	8.49
Freshener	24	60	12	16	12	10.16
Toner	25	52	16	16	16	10.91
Moisturizer lotion, cream	85	79	7	3	11	14.68
Eye cream	43	63	12	12	13	13.16
Facial mask	38	6	21	65	8	10.33
Night cream	44	69	12	9	10	20.14
Skin care products with age retarding ingredients	52	82	13	3	2	na

* Base: Users of each product category.
na = not available.

Skin Care Purchases by Price Point

	Under $5	$5-$8	$8-$11	$11-$20	$20 & Over	No Answer
Cleansing cream	15%	16%	15%	12%	6%	36%
Cleansing lotion	8	15	15	20	7	35
Cleansing grains	13	15	22	11	--	39
Astringents	17	13	17	16	2	35
Fresheners	6	16	20	18	3	37
Toners	7	12	18	20	6	37
Moisturizer lotion/cream	9	10	14	20	18	29
Eye cream	6	12	15	21	13	33
Facial mask	12	14	20	16	7	51

CONSUMER BUYING HABITS

Skin Care Products

Facial Soap		Night Cream	
Price Paid	Percent	Price Paid	Percent
Under $2.00	13%	Under $5.00	18%
$2.00 - $3.00	12	$10.00 - $15.00	12
3.00 - 5.00	13	15.00 - 20.00	8
5.00 - 7.00	5	20.00 - 30.00	12
7.00 - 9.00	11	30.00 - 40.00	12
9.00 & over	20	40.00 & over	6
No answer	26	No answer	32

Source: Vogue Beauty Survey July 1983

Major Influences for Trying Skin Care Products

Influences	Respondents
Product samples	56%
Magazines	51
Store promotions	36
Salesperson	36
Friends/relatives	34
Television	16

Note: Totals add to more than 100.0% due to multiple responses.

In March 1983, Seventeen magazine conducted a study among members of its consumer panel on their usage of skin care products. The panel is nationally representative of all girls in the U.S. aged 13-19.

The first 1,125 returns formed the basis for the results of the survey. Most often, drug stores were the most frequent place of purchase for skin care items among respondents as noted below.

Place of Purchase of Skin Care Products
(Base = Girls using product)

	Drug-store	Super-Market/ Grocery	Discount Store	Dept. Store	Door-To-Door Agent	Other	No Answer
Moisturizer lotion	36.5%	19.0%	9.3%	23.5%	9.5%	10.7%	0.2%
Moisturizer cream	38.0	15.3	6.5	17.8	15.0	13.7	0.6
Hand lotion	31.4	41.7	11.0	6.6	4.7	6.9	2.7
Hand cream	29.5	36.3	6.5	7.2	10.8	7.9	6.6
Dry skin lotion	40.7	25.3	6.7	8.5	3.5	6.2	11.7

(continued)

CONSUMER BUYING HABITS

Skin Care Products

Place of Purchase of Skin Care Products
(Base = Girls using product)
(continued)

	Drug-store	Super-market/ Grocery	Discount Store	Dept. Store	Door-To-Door Agent	Other	No Answer
Dry skin cream	47.6%	25.6%	4.4%	7.8%	5.6%	5.0%	7.2%
Astringent	50.6	18.9	9.7	10.9	3.7	6.1	4.3
Facial mask	34.6	6.1	3.3	7.3	31.8	18.7	1.8
Medicated skin cream	59.8	13.7	7.7	4.2	0.9	5.1	11.1
Medicated liquid/lotion	58.7	10.9	4.8	8.0	1.5	6.6	12.0
Freshener/toner/conditioner	47.6	6.3	3.7	14.2	13.7	10.6	7.9
Medicated pads	39.9	29.5	8.1	6.4	1.2	8.1	9.8
Eye/night cream	59.7	7.1	4.5	12.7	9.3	9.0	3.0
Bath soap	14.1	69.2	6.3	4.1	1.4	3.4	4.5
Complexion soap	48.6	35.6	2.1	6.9	2.1	2.6	5.7
Medicated soap	56.5	27.4	3.4	6.8	1.9	4.0	4.1
Cleansing cream	54.7	9.7	5.4	6.1	9.2	8.8	9.7
Cleansing liquid/lotion	62.2	9.9	5.0	7.2	3.6	8.3	8.0
Cleansing grains	60.5	13.9	6.4	6.7	4.5	6.7	4.0
Medicated cleansing grains	56.8	25.8	4.4	3.4	3.7	4.2	4.2

Source: Seventeen Magazine
Skin Care Survey 1983

Women's Fragrances

Another survey conducted by Seventeen covered girls' usage of fragrances. This survey, conducted in June 1983, found that 99.5% of the girls, aged 13-19, surveyed do use a fragrance of some kind. 88.1% of respondents stated they used perfume while 82.6% stated they used cologne/toilet water.

Seventeen reports that a "significant" number of adult women will continue to use the fragrance they first select as a teenager.

Acquisition Patterns of Girls Using Fragrances

How fragrance was acquired	Perfume	Cologne/Toilet Water
Buy for self	74.3%	79.7%
Receive as a gift	88.8	88.5

Note: 64.5% of girls who use perfume both buy it for themselves and receive it as a gift; 68.8% of girls who use cologne/toilet water both buy it for themselves and receive it as a gift.

CONSUMER BUYING HABITS

Women's Fragrances

Last Purchase of Fragrances by Teenage Girls

When last bought fragrance	Perfume	Cologne/Toilet Water
Within past month	26.8%	21.8%
2-3 months ago	32.8	32.2
4-6 months ago	18.8	20.2
7-12 months ago	11.9	12.5
More than a year ago	9.7	13.3

Place of Purchase of Fragrances by Teenage Girls

Place of Purchase	Perfume	Cologne/Toilet Water
Department store	48.5%	38.5%
Drug store	26.7	31.6
Home agent (door-to-door)	8.6	10.4
Boutique/specialty store	7.7	6.4
Discount store	4.6	7.5
Variety store	1.6	3.1
Mail order	1.2	1.5
Other	1.4	1.3

Note: Totals add to more than 100.0% due to multiple mentions.

A long lasting scent was judged important in the selection of a fragrance by 82.0% of the survey respondents. Price was ranked second in importance. More than half of teenage girls felt that packaging was not important in their purchase decision.

Degree of Importance of Selected Factors in the Purchase of a Fragrance

	Important	Neutral	Not Important	No Answer
Long-lasting scent	82.0%	13.8%	2.8%	1.4%
Price	40.8	41.8	16.2	1.2
Friend's recommendation	29.2	55.3	14.5	1.0
Name of fragrance	21.1	36.7	39.7	2.5
Maker of fragrance	19.6	41.1	37.3	2.0
Salesperson's recommendation	13.5	42.7	41.4	2.4
Packaging	9.9	35.9	51.6	2.6

Source: Seventeen Magazine Fragrance Survey, 1983

CONSUMER BUYING HABITS

Among Vogue subscribers who reported that they used more than one fragrance, the median number of scents used was three. Nearly one-third of respondents reported that they use three different scents.

Vogue subscribers reported that the median price paid for perfume was $35.90 while the median price for Cologne or Eau de Toilette was $21.50.

Number of Scents Used By Women Who Change Scents

	Percent
Two	23%
Three	32
Four	17
Five	10
Six - nine	9
Ten or more	5
No answer	4
Median number	3.8
Mean number	4.2

Average Price Paid for Fragrances

Perfumes		Cologne or Eau de Toilette	
Price Paid	Percent	Price Paid	Percent
Under $20.00	18%	Under $10.00	9%
$20.00 - $29.99	22	$10.00 - $14.99	15
30.00 - 39.99	17	15.00 - 19.99	21
40.00 - 49.99	14	20.00 - 24.99	18
50.00 - 59.99	11	25.00 - 29.99	17
60.00 & over	18	30.00 & over	20
Median price	$35.90	Median price	$21.50
Mean price	42.20	Mean price	23.34

Women's Hair Care Products

The median price paid for shampoo among respondents to the Vogue subscriber survey was $3.94 while the median price for hair conditioner was $4.27.

CONSUMER BUYING HABITS

Women's Hair Care Products

Usage of Hair Care Products At Home

	Daily	A Few Times A Week	A Few Times A Month	Less Often	No Answer
Instant conditioner	23%	40%	22%	11%	4%
Creme rinse	27	42	15	13	3
Moisturizing conditioner	11	31	32	20	6
Other hair conditioner	9	26	30	29	6
Hair setting gel	15	33	20	16	16
Texturizer	13	21	37	19	10

Hair Care Purchases By Price Point

	Shampoo	Hair Conditioner	Creme Rinse/ Texturizer	Setting Lotion/Gel	Hair Coloring
Under $2.00	4%	4%	3%	5%	10%
$2.00 - $3.00	20	18	21	22	
$3.00 - $4.00	27	24	26	19	26
$4.00 - $5.00	11	16	15	18	31
$5.00 - $6.00	11	11	9	12	18
$6.00 - $10.00	17	19	19	22	11
$10.00 & over	10	8	7	2	4
Median price	$ 3.94	$ 4.27	$ 4.00	$ 4.26	$ 4.49
Mean price	5.05	5.35	5.05	4.76	4.99

Source: Vogue Beauty/Health Study

Major Influences For Trying Hair Care Products

	Percent
Friends/relatives	52%
Magazines	48
Product samples	42
Television	25
Salesperson	22
Store promotions	17

Note: Totals add to more than 100.0% due to multiple answers.

CONSUMER BUYING HABITS

Men's Toiletries

The gift market dominates retailing of most lines of men's toiletries and women account for the great bulk of purchases except for the more utilitarian products, such as shaving needs. It is estimated that female shoppers account for as much as 75% of men's fragrance sales; however, men are beginning to take a more active part in selecting fragrance items for themselves.

In a 1983 survey for Chain Store Age/General Merchandising Edition (March 1983) by Leo Shapiro & Associates it was found that half of the men interested in buying cologne last year expected to buy it themselves. There appeared to be growing interest in this product category among blue-collar workers as well as white-collar workers and professionals.

Almost two-thirds of those polled for CSA indicated they would look for an advertised brand, with 36.9% seeking a specific brand. Department stores are the preferred outlet type for men's fragrances, followed by drug stores, then by discounters.

FAIRCHILD FACT FILES AVAILABLE FOR 1984

COATS, SUITS, RAINWEAR, AND FURS (WOMEN'S, MISSES' AND JUNIORS'): Details number of manufacturers by employment size, cuttings, and value of shipments. Also covered at the industry level are price trends and imports/exports. At the retailer level, data is presented on estimates of retail volume, merchandising and operating results, and seasonal patterns in advertising. Also focuses on consumer buying habits and plans.

CONSUMER MARKET DEVELOPMENTS: Provides a detailed view of consumers in the U.S., including population by age, personal income, the labor force, employment and earnings, households and living arrangements. Also covers trends in consumer prices, in personal consumption expenditures by product classification and in retail sales by store types, and the outlook for consumer markets based on current economic trends. (1983 Edition available now -- 1984 Edition will be available in February, 1985)

DEPARTMENT STORE SALES: Covers sales of department stores, and the number of stores operated, listed by geographic region and state based on buying headquarter location. Also lists branch store sales, where available. Sale information on major general merchandise/apparel retail chains, which are listed alphabetically, and a list of department stores with sales of $50 million or more, are included. (1983 Edition available now -- 1984 Edition will be available in January, 1985)

DRESSES (WOMEN'S, MISSES' AND JUNIORS'): Statistics on the dress industry, including trends in the number of manufacturers, and in production and shipments. Also data on fabric types and manufacturers' price lines and shipments by region of the country. Includes estimates on retail sales and data on the consumer market in terms of important demographic data. (November)

FASHION ACCESSORIES (MEN'S AND WOMEN'S): Information on a wide range of fashion accessories for men and women, including jewelry, watches, gloves, belts, handbags, small leather goods, luggage, neckwear, hats. Includes key information at manufacturer level, as well as available retailer and consumer data. Also covers important fashion developments.

FOOTWEAR (MEN'S, WOMEN'S AND CHILDREN'S): A statistical summary of the U.S. footwear industry and the footwear markets. Covers domestic production and shipments, as well as imports. Provides retail sales and merchandising statistics and buying habits. ($15.00) (1983 Edition available now -- 1984 Edition will be available in July, 1984)

HOME TEXTILES: Information on the industry includes the latest data on number of manufacturers, production and shipments for a wide range of products, including bed linens, towels, blankets and comforters, slip covers, pillows, curtains and draperies. Trends in merchandising, departmental operations and consumer patterns are also covered. (October)

HOSIERY/LEGWEAR (MEN'S, WOMEN'S AND CHILDREN'S): A comprehensive report on these industries at the mill, retailer and consumer levels. Included are details on production and shipments, retail sales by type of outlet and on patterns in consumer spending in terms of major demographic characteristics. (May)

HOUSEHOLD FURNITURE AND BEDDING: Contains U.S. industry-wide data on quantity and value of manufacturers' shipments of furniture and bedding (mattresses and dual-purpose sleep furniture). Also covers information on the geographic location and size of manufacturers. Retail information includes sales by store type, trends in furniture styles and materials and market demographics. Features results of a consumer survey on furniture and bedding buying habits.

INFANTS', TODDLERS', GIRLS' AND BOYS' WEAR: Manufacturer data spotlights production, value of shipments, number of manufacturers, employment in the industry by company size, price trends. At the retailer level, data focuses on sales share by type of outlet and on operating ratios in department and specialty stores. Also covers data on purchases of children's wear by price line and season.

INNER FASHIONS: NIGHTWEAR, DAYWEAR AND LOUNGEWEAR (WOMEN'S, MISSES' & JUNIORS'): Data on production and shipments, tracing market shifts in response to fashion changes. Imports are covered, retail trends and merchandising ratios, and data on consumer purchases by price point, store type and month.

MAJOR APPLIANCES AND ELECTRIC HOUSEWARES: Covers a wide range of products in the major appliance and traffic appliance classifications, including heating, laundry and cooking appliances for household use, cleaning equipment, and personal care appliances. Details production and shipments, sales trends, retail merchandising results, more.

MEN'S FURNISHINGS AND WORK WEAR: Includes information on number of manufacturers, production and shipment figures on shirts, underwear, nightwear, neckwear, hats, etc., size of firms, imports and exports. Also provides data at the retail level, including sales and merchandising trends, operating ratios, and sales share by type of outlet.

MEN'S SPORTSWEAR, CASUAL WEAR AND JEANS: The wide variety of men's wear items included in this broad category are covered from available information on the industry at the manufacturer, retailer and consumer level. Included is information on production and shipments, imports exports, market trends, retail sales and consumer buying practices. Trendy data, such as developments in Western wear, designer labels, fashion jeans and active wear, are included. (May)

MEN'S TAILORED CLOTHING/SEPARATES AND RAINWEAR: Manufacturer level profiled by production value of shipments, employment, size of firms. Imports from key foreign sources by unit and dollar value are covered. Data is also presented on retail sales, merchandising and consumer buying habits.

PERSONAL ELECTRONICS: A statistical summary of the market for electronic equipment designed for individuals. Product categories include televisions, radios, stereos, personal stereos, home computers, videosystems and videogames. Data is presented on both the manufacturer and the retailer level. Also includes a section on consumer buying habits. (Special Fact File for 1983, $15.00)

RETAILING/MERCHANDISING TRENDS: Covers trends in sales of specific retail outlet types, competitive developments in retailing (such as off-price retailing, franchising, designer names, private labels). Trends in number of outlets by size; regional developments in retailing. (December)

THE SPORTS/FITNESS/LEISURE MARKETS: Covers developments in the fast-growing markets for sports facilities and equipment, for footwear and apparel designed not only for serious sports participants but those who like the "look" for leisure wear, and for products involved in life styles related to interest in sports and in physical fitness. (Special Fact File for 1984, $15.00) (July)

SPORTSWEAR, CASUAL WEAR, SEPARATES AND JEANS (WOMEN'S, MISSES' AND JUNIORS'): A statistical view of this segment of the women's wear industry is provided, including data on production and value of shipments, imports of major categories, sales by type of outlet, price points, seasonal patterns, and consumer buying habits. Also included is information on departmental merchandising and operating results, as well as important developments in retailing, such as the designer's label. (September)

THE TEXTILE/APPAREL INDUSTRIES: Industry overview, providing statistics on fibers and fabrics as well as finished goods. Includes information on industry size, concentration of sales by mill/manufacturer size, production and shipments by U.S. mills, as well as exports and imports. Covers capital expenditures and data on mill machinery.

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